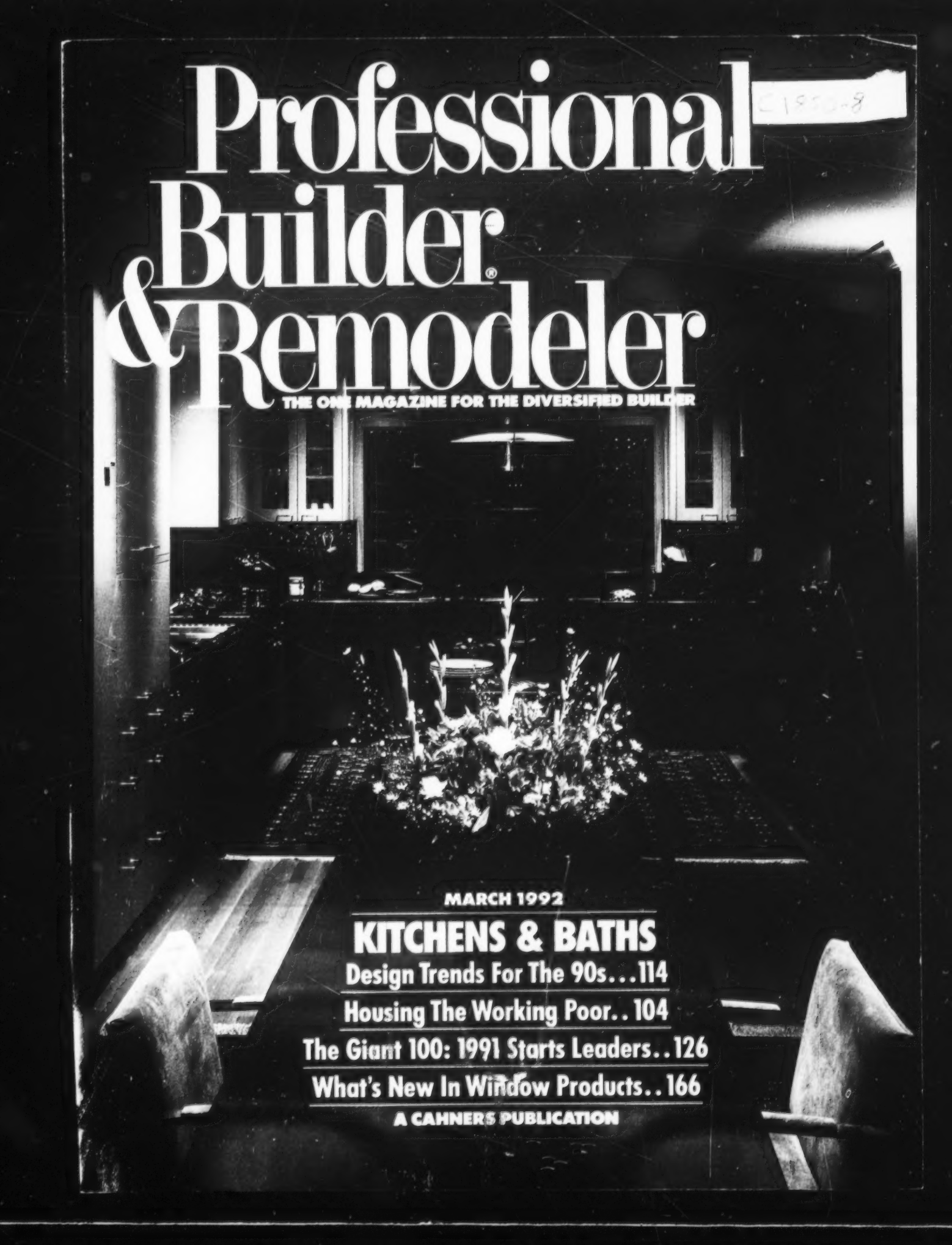
Professional Builder & Remodeler

THE ONE MAGAZINE FOR THE DIVERSIFIED BUILDER



MARCH 1992

KITCHENS & BATHS

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A CAHNERS PUBLICATION

Professional Builder & Remodeler

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On The Cover

■ The remodeling of this Seattle kitchen was done by Schultz Miller Inc., with design work handled by Robert Clark. Story begins on page 114. Photography by Roger Turk Northlight Photography.

The affordable housing challenge: p. 104.

Convention coverage: p. 16.

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With markets depressed and interest rates at attractive levels, home builders can tap into a burgeoning first-time buyer bonanza. Still, a bigger question remains: Can we house the working poor?

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Whether building new or remodeling, close attention to details will transform reluctant consumers into purchasers. Here's an assortment of ideas to create exciting wet rooms.

The Giant 100: 1991 Housing Starts Leaders 126

The returns from a tough year are in, and there are plenty of new names appearing on PB&R's *Housing Starts Leaders list for 1991.*

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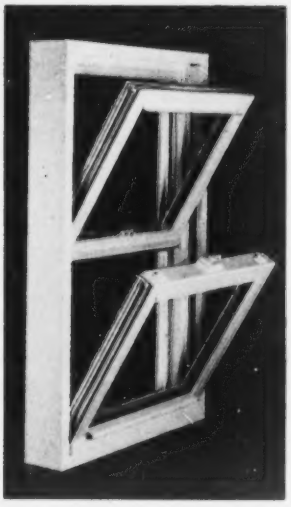

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■ Regulatory issues and the economic outlook, capped off by the Administration's pro-housing tax proposals, were the focus of 1992's Home Builder Show in Las Vegas: *p. 16.*

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■ Doctors have money and will invest it in offices built to fit their individual practices. This special "design lab" shows how to meet their needs: *p. 31.* Here's a remodeling challenge: Create a bright, contemporary interior in a 100-year-old Victorian home: *p. 46.*

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INDUSTRY CHALLENGES

BUILD AFFORDABLE

We Can Tap The First-Time Buyer Bonanza, But Can We House The Working Poor?

By Senior Editors Susan Bady and William H. Lurz

Young families looking for their first home find a great value at Avalon, in the high desert community of Rosamond, Calif. West Venture Development Co. builds detached houses priced from $88,990 to $108,990, for 928 to 1524 square feet. Architect is Dalton Designs of Phoenix.
Photo: Robb Miller

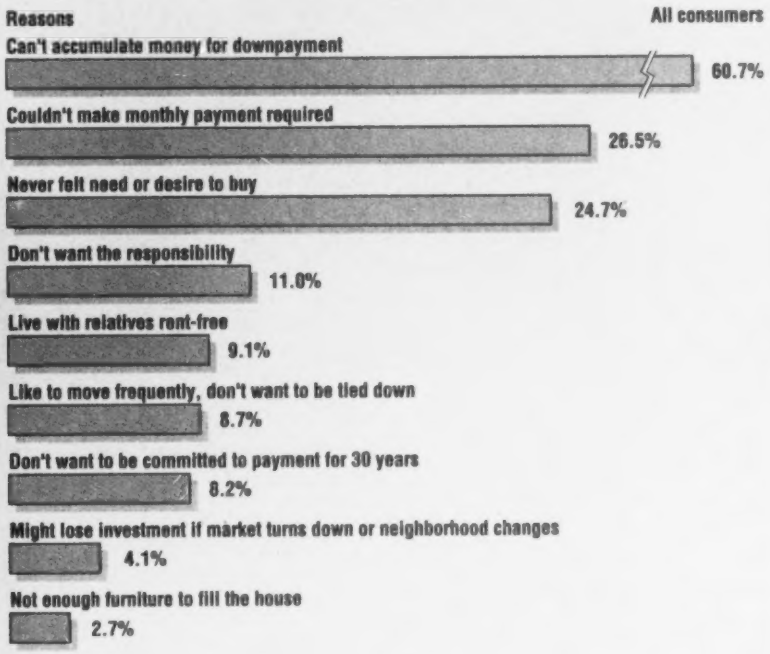
Affordability is an attribute builders associate with housing designed for young, first-time buyers. That target market threatens to define 1992. But be careful. Those who *broaden* their perception of where affordability applies are more likely to succeed.

Crashing mortgage rates are prying the affordability window open. With rates under 8.5% in many markets, young, two-income couples now qualify for home ownership more easily than at any time since the mid-1970s. Builders who concentrated on move-up buyers for most of the last decade have suddenly rediscovered the traditional family formation market.

"Move-ups are sellers first, buyers second," explains one Midwestern builder. "Most are having trouble unloading their current homes. First-time buyers don't

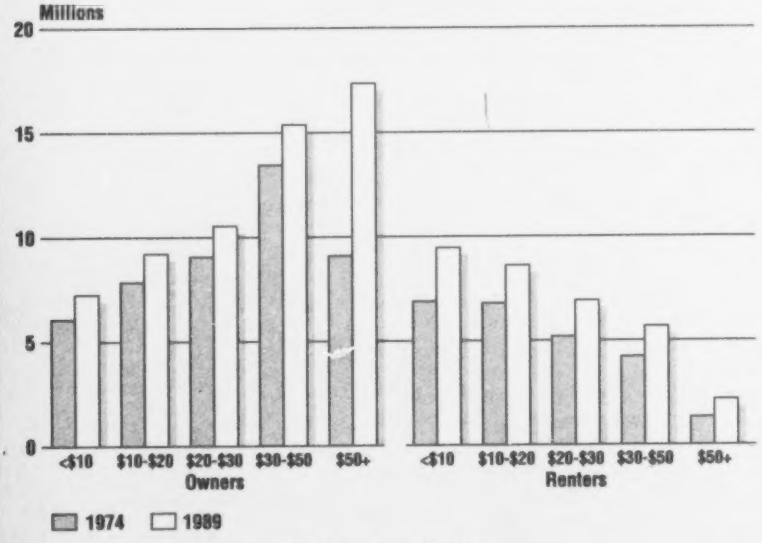
Obstacles To Home Ownership

Inability to come up with a downpayment is the primary reason consumers have never owned a home, according to *PB&R*'s 1992 consumer survey.



Source: PB&R 1992 Consumer Survey.

Households By Income



Note: Income (in thousands of 1989 dollars) is for families and primary individuals.

Source: Joint Center for Housing Studies of Harvard University. Tabulations by Joint Center of the 1974 and 1989 American Housing Survey.

NAHB economists predict $5000 tax credit will pump $20 billion into economy

have to sell to buy. They only need to qualify. We've been able to tap that market with attached product below $110,000 in price."

Home sales in many markets turned up dramatically in January, and it is the low end of the price spectrum—and the first-time buyer—that dominates. President Bush's proposed stimulus package also targets first-time home buyers as the engine of economic recovery.

"We got 150% of what we asked for in the State-of-the-Union address," says Cincinnati builder and NAHB president Jay Buchert. Foremost in that package is a $5000 tax credit for 1992 first-time home buyers, retroactive to sales made from February 1 forward. It may be split and applied to two or more tax returns.

NAHB economists predict the Bush package, which also allows first-time home buying couples to withdraw up to $20,000 from personal Individual Retirement Accounts without penalty, will dramatically alter housing production. They see a swing to single-family construction, with a slight drop in multifamily (rental) starts, resulting in a surge in overall housing starts—to 1.4 million this year.

Cahners Economics traces the ripple impact of building a single new home, at the 1991 average sales price of $147,700, this way:

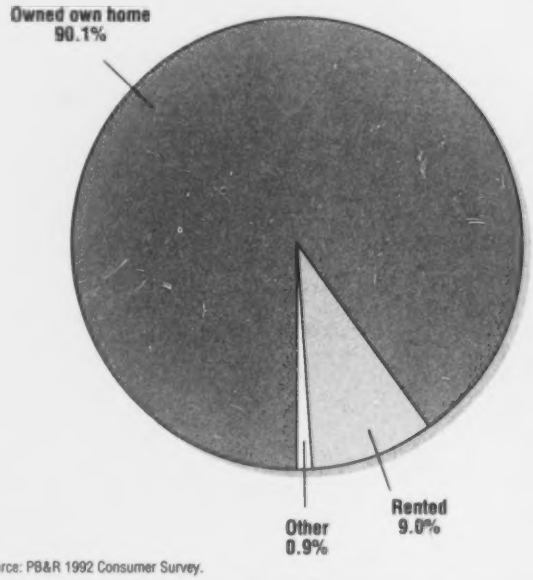
- Building materials purchases: $58,618,
- Construction wages: $16,236,
- Non-residential building: $157,515,
- Gas, electric, telephone utility payments: $2029,
- Peripheral first-year retail purchases: $7016,
- Wages in manufacturing sector: $10,280,
- Wages in wholesaling/transportation: $9193,
- Wages in mining/land development, etc: $9840,
- Local real estate tax payments: $1591,
- Federal and state income tax payments: $11,387,
- Federal corporate income tax payments: $3976,
- Social security tax payments: $1822.

That means $289,503 in direct and indirect expenditures result from building one house. NAHB's projected 215,000 unit increase in starts would create an economic stimulus of $62,243,145,000.

No wonder builders can hardly wait to jump on the first-time buyer bandwagon. However, proceed cautiously. The first-time buyer market is a bonanza today, but there are reasons to approach it warily if you don't

Did Your Parents Own Or Rent?

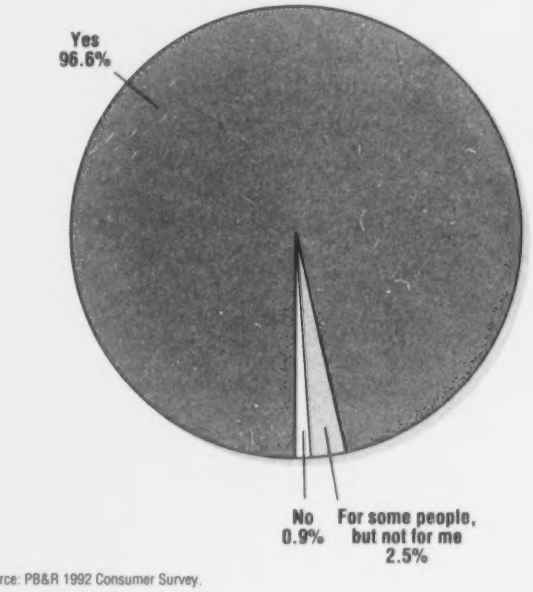
The overwhelming majority of consumers surveyed by *PB&R* said their parents owned their own home.



Source: PB&R 1992 Consumer Survey.

Is Home Ownership Desirable?

Nearly all consumers said home ownership is a desirable goal. But considering renters' incomes, reaching that goal is another matter.



Source: PB&R 1992 Consumer Survey.

What Do You Like About Renting?

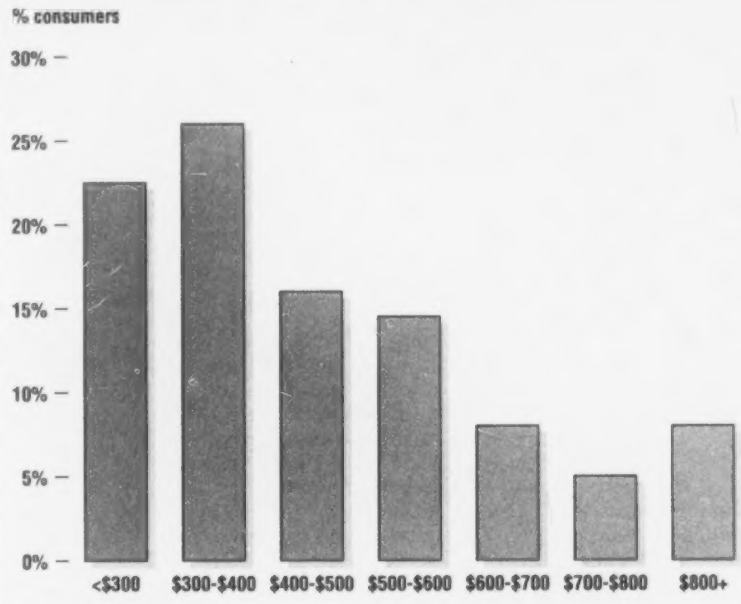
Renters like to rent because it's a low-maintenance proposition. There is also less financial responsibility involved.

What they like	All consumers
Less maintenance	60.8%
Less financial responsibility	41.7%
Not being tied down	30.2%
Cheaper than owning	24.6%
Easier to move	20.1%
Closer to work	16.6%
More relaxed lifestyle	8.0%
Closer to social activities	6.0%

Source: PB&R 1992 Consumer Survey.

Current Monthly Rents

Nationwide, consumers are paying an average of $469 per month in rent (median, $411). About one-fourth of consumers pay between $300 and $400 a month for rent.



Source: PB&R 1992 Consumer Survey.

Why Did You Delay A Home Purchase?

Almost half of the consumers surveyed delayed buying a home because they were saving for a downpayment. Others were waiting for a salary increase or looking for affordable monthly payments.

Reasons	All consumers
Saved for downpayment	46.5%
Waited for salary to increase	22.8%
Finding monthly payments I could afford	19.7%
Decrease in mortgage rates	14.0%
Planned to change jobs or location	13.2%
Plan to marry soon, waited for spouse income	8.8%

Source: PB&R 1992 Consumer Survey.

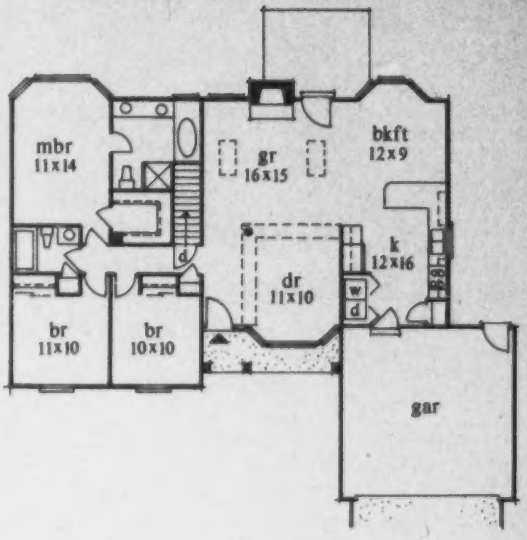
What Don't You Like About Renting?

Renters commonly perceive that they get nothing for their money. They also lack privacy and a sense of belonging.

Dislikes	All consumers
Get nothing for money	85.8%
No privacy	43.2%
No sense of belonging	41.6%
Less security	17.4%
Little individuality	16.0%
Don't know my neighbors	6.8%

Source: PB&R 1992 Consumer Survey.

Hughes finds the pool of first-time buyers shrinking rapidly



already have the product in the 1992 pipeline.

This is especially so if builders are unable to cut into bureaucratic and political resistance to affordable housing, and actually target ownership housing to the previously disenfranchised working poor of America.

Rutgers University demographer James W. Hughes recently unveiled his study of home ownership and affordability, published in Fannie Mae's quarterly *Housing Policy Debate*. Hughes finds that the pool of potential first-time buyers is shrinking rapidly.

"Housing demand's critical mass is shifting," writes Hughes. ". . . population and households between the ages of 35 and 54 years—the span of peak housing consumption—will account for virtually *all* of the national growth increments in the 1990s. Even in 'hot' growth areas, such as the key migration destinations of California and Florida, more than one-half of the population growth between 1990 and 2000 will take place in the middle-age brackets (35 to 54 years)."

A phenomenon Hughes calls *the vanishing young adult* results from "a maturing 'baby bust' generation . . ." He sees America losing 15.5% of its 25-to 34-year olds—almost 6.8 million persons—in this decade. Aggregate entry-level housing demand will go through a decade-long slide, Hughes writes.

Questioned about the depth of the pent-up demand for entry-level housing now emerging, Hughes says, "There are about a million to a million-and-a-half unsatisfied, potential first-time buyers out there. The current bubble of sales will last only 1½ to two years.

"If there's a pool of existing housing, demand for new construction will more likely be in the trade-up market," says Hughes. But because the demand below them on the ownership ladder is declining, 1990s move-ups will be increasingly concerned about *affordability*, says Hughes. "Builders may be better served by building affordable move-up houses that free *their* houses for first-time buyers."

A major element of Hughes' research also cautions builders against treating first-time buyers, move-ups, or any component of housing demand as homogenous. "The major dynamic of the past 30 years has been . . . the surging growth of single-parent families, singles . . . and unmarried couples . . . At the turn of the 20th century, only one of 20 American households

Base price of $89,900 for the Rosewood model, plan and photos, includes three bedrooms, two full baths, two-car garage, full basement and a long list of standard features. Interior design by Clifford A. Rufkahr.
Photos: Alise O'Brien

Top Value In A First Home

Crow Rufkahr Homes, St. Charles, Mo., packs more value into an affordable house than its competitors. That's why sales at Oak Burl Estates are averaging 5½ units per month in a weak market.

The Rosewood model, shown, is a 1540-square-foot ranch with a full basement and two-car garage, priced at $89,900. Ed Crow says the home appeals to move-ups and retirees as well as first-time buyers.

"We offer more in the way of standard features than most builders in this price range, such as wood cabinets, self-cleaning ranges, and cultured-marble tubs and showers," says Crow. "Not too many builders offer that as standard in the $80,000 to $100,000 range." Options include fireplaces, wood decks, screened porches and skylights.

Since models opened in May 1991, 39 homes have been sold. Architecture is by New Trend Design, St. Charles.

Hard costs for the Rosewood are $48.65 per square foot. □

Affordable move up is the market with depth in the 1990s

consisted of a person living alone. By 1990, one out of four households consisted of a single person."

Add to this diversity the dynamics of income: Real income growth has been essentially flat since 1973. But as people and households mature, so do their incomes, which bodes well for maturing families in the 1990s. Baby-boomer couples who stay together should make up a lot of lost ground in real income. But working in opposition to that dynamic is the fragmentation of households. When families break up, they create market components distinctly focused on affordability.

Incomes of married couples ($38,547), particularly those with wives in the labor force ($45,266) and those where both spouses are year-round, full-time workers ($52,993) are at the top of the income ladder. Incomes of female-led families ($16,442) and non-family households ($17,115) are at the bottom.

And even though NAHB estimates the drop in mortgage rates from 9.5% to 8.5% added two million qualified buyers to the market, the greatest barrier to affordability is not qualifying income but cash to close, say affordability analysts.

"The big question is whether this tax credit can overcome the damage done to the delivery system," says Florida developer Tim Leadbetter, a 1990 *PB&R* achievement award winner for affordable housing. "Smaller builders tend to be the primary source for affordable product. In Florida, they are all out of business, unable to get capital."

With prices of existing homes dropping, that market can take up many first-time buyers, says Leadbetter, but not the truly disenfranchised. "You've got to have good credit, and not many service-sector employees and other poor workers have it today," says Leadbetter. They have to be able to show income security, and they have trouble with that one too. "Finally, you've got to have cash to close, usually at least $5000. When HUD changed the FHA downpayment requirements, it took away whatever gain was available from declining interest rates."

The rental market, the traditional source of housing for low-income workers, is still paralyzed by recession, FIRREA and the 1986 tax law. "Rents won't pro-forma today to cover debt service as well as operating costs," says Charles Buki, director of American Institute of

Rentals For Service Workers

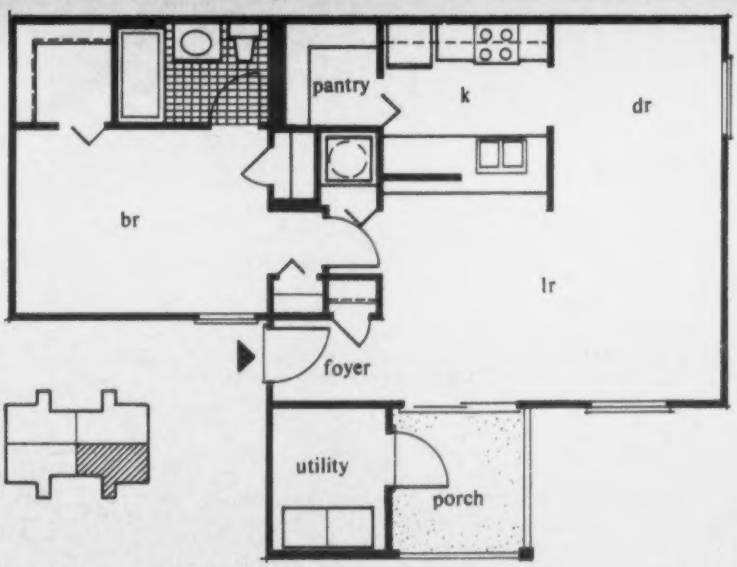
Low- and moderate-income families employed by service industries can find affordable rental housing at Crestwood Apartments in St. Cloud, Fla.

Ronnie Davis, the owner, developer and builder, financed the project through a conventional loan, applied for tax credits and syndicated Crestwood. Syndication fees, applied to development costs, enabled Davis to keep rents $100 to $200 lower than conventional rates in the Orlando-Kissimmee-St. Cloud area.

Renters typically work at Disney World or fast-food restaurants, with incomes in the $15,000 to $20,000 range.

Rents range from $325 a month for a one-bedroom unit to $450 for a three bedroom. Apartments are 723 to 1083 square feet.

Crestwood was completed in August 1991 and is 97% occupied. The general contractor was Davis & Sons Construction Co., Gainesville. Design is by Lewis Brown Jr./Architect, Gainesville. □



Man-made lake, above, is an attractive site feature. Crestwood offers amenities, such as a clubhouse and pool, not usually found in affordable rentals. One-bedroom unit, plan, contains 723 square feet. Photos: Howard Falk

Can tax credit overcome a damaged delivery system for affordable housing?

Architects' Search For Shelter program.

The President's package also calls for making low-income tax credits permanent. Most of the rental projects built in 1991 took advantage of such credits. And finally, the biggest news for multifamily builders is the President's inclusion of restoration of passive-loss provisions allowing builders to offset non-rental income with rental losses from properties they build.

The other good news on the affordability front has nothing to do with Presidential politics. Rather, it comes from the grassroots. Alliances of builders with disenfranchised consumers, through non-profit organizations that represent them, are beginning to break the logjam of local opposition to affordable housing.

"We cannot build housing on our own that people with annual incomes under $25,000 can afford," says Buchert. "And the reason is not the cost of construction, it is the cost of restrictive regulation, exclusionary zoning and NIMBY political opposition.

"I'm doing a project right now with Cincinnati Housing Partnership," says Buchert. "It's all under the Federal Home Loan Bank Board's affordable program . . . land development right through construction, all at a discounted rate."

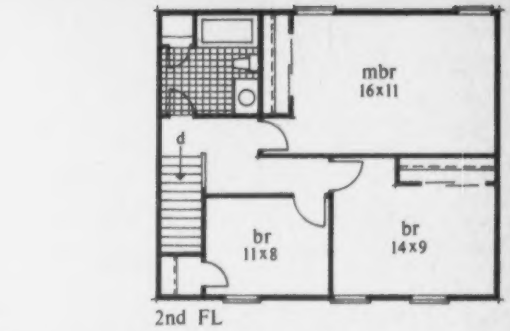
The CHP is run by a nun, explains Buchert, and she had no trouble getting access to capital. Buchert got his portion of the work as a general contractor through competitive bidding. "We get 1000- to 1500-square-foot detached houses priced from about $55,000 to $65,000. We do all the production. Sister Ann Rene takes care of the marketing."

Non-profits are excellent, Buchert says, at what the builder and lender can't afford to do: the paperwork associated with qualifying low-income people and processing their loan applications.

The margins on such low-income housing are not large, says Buchert, but "it's not bad work; we're glad to have it." And he is glad to have the non-profit organization on his side to fight regulatory barriers to affordable housing. "They now see what we're up against, and how important this battle is."

While 1992 may be the year of the traditional first-time buyer, builders may do well in years to come by moving both up and down in price from that target—while keeping their focus on affordability. □

The Long Island Housing Partnership has delivered 53 affordable homes. More are in the pipeline. Ranch and two story. plan. are shown.
Photos LIHP



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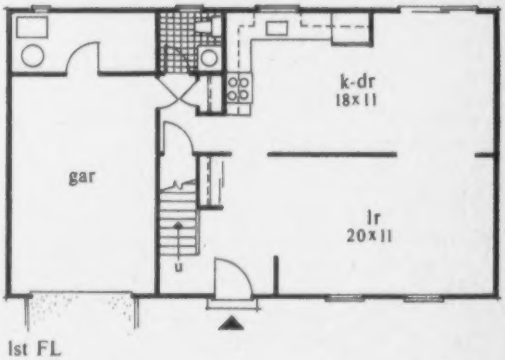


1st FL

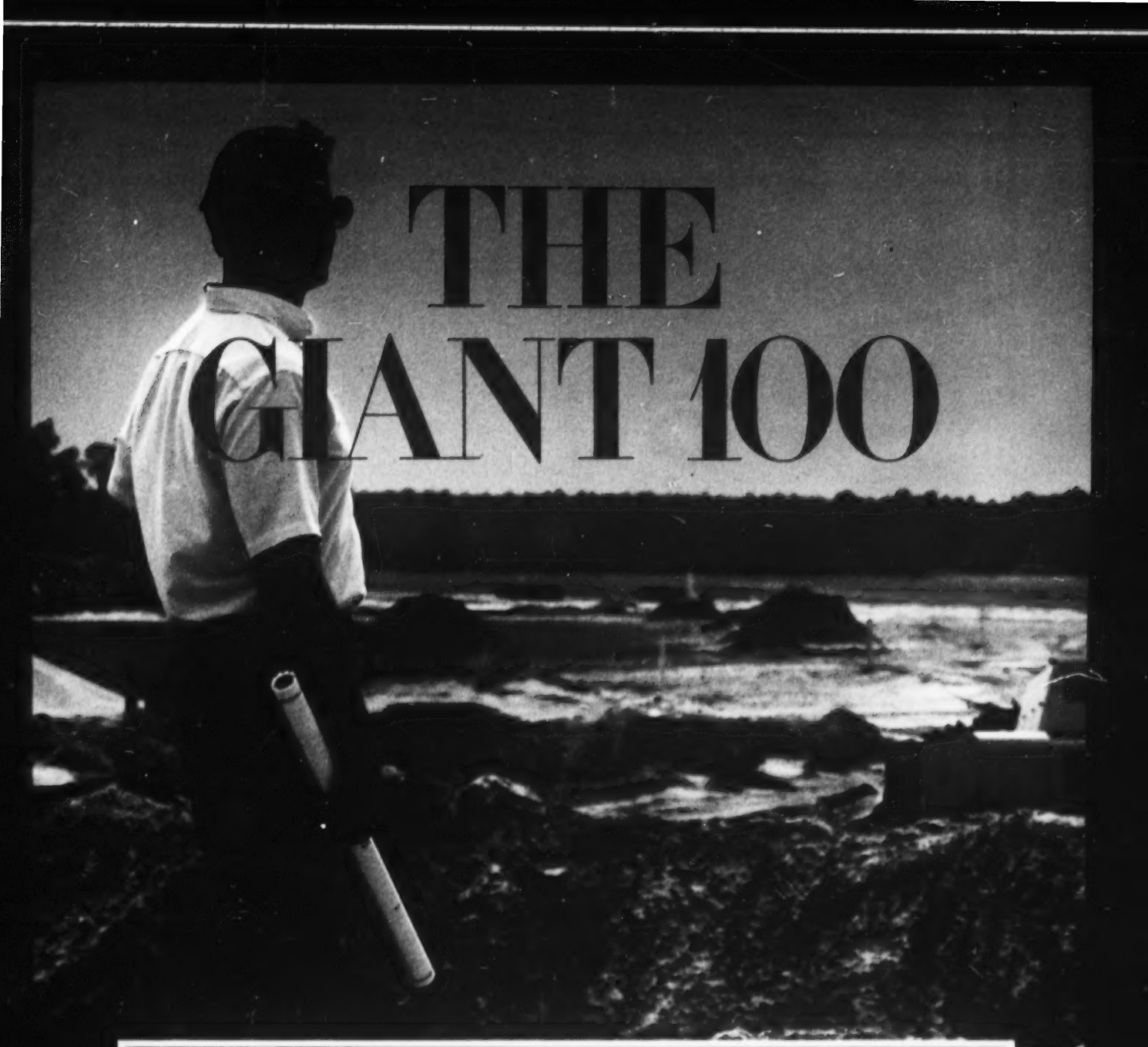
An Effective Partnership

The Long Island Housing Partnership, a consortium of public- and private-sector members, was formed in 1987 to alleviate the critical shortage of affordable housing on Long Island.

The partnership enables young Long Island families to buy their first homes, says Peter J. Elkowitz Jr., vice president.

As a non-profit developer, the LIHP has delivered 53 single-family houses to date. Detached homes are 1250 to 1450 square feet. Selling prices range from the $60,000s to about $80,000. Elkowitz says the homes have been appraised at 1½ to two times market value. "A comparable starter home on Long Island would cost about $140,000," he says.

Programs are underway in Islip (29 units), Amityville (72 units), and Manorville (72 units). The New York State Affordable Housing Corp. provides a $25,000 grant per house to help bring selling prices below $100,000. □



THE GIANT 100

Centex Corp. proved to be the nation's housing starts leader for the year 1991.

Professional Builder & Remodeler's Fifth Annual Housing Starts Leaders report, the Giant 100, indicates that the Dallas-based company started 7572 homes in 1991: 7334 single-family detached and 238 attached, for-sale units.

Centex also was the single-family home leader, followed by Tampa-based Jim Walter Homes, which reported 5262 single-family homes.

Boston Capital Partners, Boston, was the leading producer of rental housing with 5742 units, followed by Dallas-based Trammell Crow Residential, which started 2000 rental units. McLean, Va.-based NVR L.P. was the leader in attached for-sale product, reporting 1976 units for 1991.

This report is designed to acknowledge last year's leaders in housing starts and provide a preview of *Professional Builder & Remodeler*'s 25th ANNUAL REPORT OF HOUSING'S GIANTS® to be published in July. That report ranks the nation's 400 largest builders based on revenues from housing sold.

In some cases, builders were not able to provide starts information and reported actual sales or estimates instead. The Giant 100 also does not include mobile home production, which is covered in the July report.

Predictably, starts were down again in 1991. The "Top 10 Giants" account for 51,785 starts in this report, compared to 63,112 in 1990 and 70,268 in 1989.

Twenty eight of this year's starts leaders are from California. Texas is home to 14, while another 10 of the Giant 100 are headquartered in Florida. □

Rank by starts	Company, location, principal officer	For-sale, detached units	For-sale, attached units	Rental units	Total 1991 Starts
1	Centex Corp. 3333 Lee Parkway Dallas, TX 75219 Laurence E. Hirsch	7334	238	0	7572
2	PHM Corp. (Pulte) 33 Bloomfield Parkway, #200 Bloomfield Hills, MI 48013-2155 William Pulte	na	na	na	6814
3	Ryland Group Inc. 10221 Wincopin Circle Columbia, MD 21044 Roger Schipke	na	na	na	6594
4	Boston Capital Partners Inc. 313 Congress St. Boston, MA 02210 John P. Manning	0	0	5742	5742
5	Jim Walter Homes Inc. 1500 N. Dale Mabry Hwy. Tampa, FL 33607 Robert W. Michael	5262	0	0	5262
6	Weyerhaeuser Real Estate Co. Building WRE-2 Tacoma, WA 98477 C. Stephen Lewis	4410	317	0	4727
7	Kaufman and Broad Home Corp. 10877 Wilshire Blvd. Los Angeles, CA 90024 Bruce Karatz	3676	780	0	4456
8	NVR L.P. 7601 Lewinsville Rd., Ste. 300 McLean, VA 22102 Dwight C. Schar	2264	1976	0	4240
9	U.S. Home Corp. 1800 W. Loop South Houston, TX 77252-2863 Robert J. Strudler	3393	582	0	3975
10	The William Lyon Cos. 4490 Von Karman Newport Beach, CA 92658 William Lyon	1889	514	0	2403

Rank by starts	Company, location, principal officer	For-sale, detached units	For-sale, attached units	Rental units	Total 1991 Starts
11	Trammell Crow Residential 2001 Ross Ave., #3500 Dallas, TX 75201 J. Ronald Terwilliger	300	40	2000	2340
12	Lewis Homes Group of Cos. P.O. Box 670 Upland, CA 91785 Ralph M. Lewis	2016	52	229	2297
13	Lennar Corp. 700 N.W. 107th Ave. Miami, FL 33172 Leonard Miller	1612	659	0	2271
14	UDC-Universal Development LP 4812 S. Mill Ave. Tempe, AZ 85282 Gary A. Rosenberg	na	na	na	2170
15	Hunt Building Corp. P.O. Box 9368 El Paso, TX 79984 M.L. Hunt	44	372	1718	2134
16	Hovnanian Enterprises Inc. 10 Highway 35 Red Bank, NJ 07701 Kevork S. Hovnanian	895	1201	0	2096
17	Schottenstein (M/I) Inc. 41 S. High, #2410 Columbus, OH 43215 Irving E. Schottenstein	2073	0	0	2073
18	Del Webb Corp. P.O. Box 29040 Phoenix, AZ 85038 Philip J. Dion	1892	0	0	1892
19	A.G. Spanos Construction 1341 W. Robinhood Dr. Stockton, CA 95207 Alex G. Spanos	0	1802	0	1802
20	M.D.C. Holdings Inc. 3600 S. Yosemite St. Denver, CO 80237 Larry A. Mizel	1700	4	0	1704
21	Harkins Builders Inc. 12301 Old Columbia Pike Silver Spring, MD 20904 J.P. Blase Cooke	0	128	1361	1689
22	Weekley Homes Inc. 1300 Post Oak Blvd., #1000 Houston, TX 77056 David M. Weekley	1600	0	0	1600
23	GBW Properties 520 S. Lafayette Park Pl. Los Angeles, CA 90057 Jay H. Wilton	0	0	1555	1555
24	Continental Homes Holding 7001 N. Scottsdale Rd., #2050 Scottsdale, AZ 85250 Donald Loback/Kathleen Wade	1480	0	0	1480
25	Shea Homes 655 Brea Canyon Rd. Walnut, CA 91789 Roy Humphreys	1158	0	274	1432
26	Fieldstone Co. 14 Corporate Plaza Newport Beach, CA 92660 Peter M. Ochs	1228	155	0	1383
27	Barry, Bette & Led Duke Inc. P.O. Box 12789 Albany, NY 12212 Donald R. Led Duke	0	428	854	1282
28	Rayco Inc. (Ellison Homes) P.O. Box 5250 San Antonio, TX 78201 Jack H. Willome	1270	0	0	1270
29	Morris General Building Co. P.O. Box 3632 Chatsworth, CA 91313 G.L. Morris	6	1000	250	1256
30	Lincoln Property Co. 500 N. Akard Dallas, TX 75201 A. Mack Pogue	0	0	1250	1250
31	Lexington Homes Inc. 1156 W. Shure Dr. Arlington Heights, IL 60004 Ronald J. Benach	623	579	0	1202
32	Robertson Homes 6653 Embarcadero Stockton, CA 95219 Barton R. Robertson	20	0	1176	1196
33	Forecast Group 10670 Civic Center Dr. Rancho Cucamonga, CA 91730 James Previti	1171	0	0	1171

Rank by starts	Company, location, principal officer	For-sale, detached units	For-sale, attached units	Rental units	Total 1991 Starts
34	Coscan Development Corp. P.O. Box 428 Toronto, Canada, M5X 1H9 L. Ross Cullingworth	422	729	0	1151
35	Universal Constructors P.O. Box 28 McMinnville, TN 37110 Larry D. Elliott	0	0	1145	1145
36	Picerne Properties 75 Lambert Lind Hwy. Warwick, RI 02886 Ronald R.S. Picerne	50	620	465	1135
37	Drees Co. 211 Grandview Dr., #300 Covington, KY 41017 Ralph A. Drees	825	198	75	1098
38	Flournoy Construction P.O. Box 6566 Columbus, GA 31995-6566 John F. Flournoy	0	0	1054	1054
39	Lokey Cos. 1800 Bering Dr., #200 Houston, TX 77057 Kenneth R. Lokey	25	0	1015	1040
40	Roberts Properties Inc. P.O. Box 28744 Atlanta, GA 30328 Charles S. Roberts	27	0	996	1023
41	Summit Properties 212 S. Tryon St., #500 Charlotte, NC 28281 William F. Paulsen	0	0	1018	1018
42	Epoch Properties Inc. 359 Carolina Ave. Winter Park, FL 32789 James H. Pugh Jr.	0	0	1016	1016
43	Friendswood/Village Builders P.O. Box 2567 Houston, TX 77001 Robert Bradley	1006	0	0	1006
44	Beazer Properties Inc. 945 East Paces Ferry Rd. Atlanta, GA 30326 R.D. Stephens	992	0	0	992
45	Lowder Construction Co. 2000 Interstate Park Dr. Montgomery, AL 36142-0001 James K. Lowder	178	0	812	990
46	Standard Pacific L.P. 1565 W. MacArthur Costa Mesa, CA 92626 Ronald R. Foell	862	0	0	862
47	Arthur Rutenberg Homes Inc. 13922 58th St. North Clearwater, FL 34620 Arthur Rutenberg	755	92	0	847
48	Edward Rose Building Ent. P.O. Box 937 Southfield, MI 48037 Sheldon Rose	45	0	800	845
49	Van Daele Development 2900 Adams St., Ste. C25 Riverside, CA 92504 Michael Van Daele	532	200	103	835
50	Tompkins Heritage Homes 9799 Old St. Augustine Rd. Jacksonville, FL 32257 Thomas N. Tompkins	825	0	0	825
51	Embrey Associates 750 E. Mulberry St., Ste. 500 San Antonio, TX 78212 Walter Embrey	0	0	824	824
52	Bozzuto & Associates 6401 Golden Triangle Dr., #200 Greenbelt, MD 20770 Thomas S. Bozzuto	0	136	678	814
53	Levitt Corp. 7777 Glades Rd., #410 Boca Raton, FL 33434 Elliott M. Wiener	347	216	224	787
54	Wimpey (George) Inc. 3565 Seventh Ave. San Diego, CA 92103 David Heppell	786	0	0	786
55	Toll Brothers Inc. 3103 Philmont Ave. Huntingdon Valley, PA 19006 Robert I. Toll	590	195	0	785
56	Watt Industries Inc. 2716 Ocean Park Blvd. Santa Monica, CA 90406 Raymond A. Watt	780	0	0	780

Rank by starts	Company, location, principal officer	For-sale, detached units	For-sale, attached units	Rental units	Total 1991 Starts
57	Anden Group 15260 Ventura Blvd., Ste 1700 Sherman Oaks, CA 91403 Eugene Rosenfeld	538	241	0	779
58	Hughes-Patwil Homes P.O. Box 6181 Harrisburg, PA 17112 Eugene Bastian	773	0	0	773
59	Blazer Building 10101 Harwin, Ste. 300 Houston, TX 77036 Chris Richardson	0	0	768	768
60	Highland Homes 12880 Hillcrest, #202 Dallas, TX 75230 Rodger Sanders	763	0	0	763
61	Rottlund Co. 5201 E. River Rd. Fridley, MN 55421 David Rotter	200	561	0	761
62	Signature Homes (Nevada) 801 South Rancho Dr., #E-4 Las Vegas, NV 89106 Richard Plaster	486	268	0	754
63	Calton Inc. 500 Craig Rd. Freehold, NJ 07728 Anthony J. Caldarone	498	237	0	735
64	Warmington Homes 3090 Pullman St., Ste. A Costa Mesa, CA 92626 James P. Warmington	724	0	0	724
65	Mercedes Homes 1600 W. Eau Gallie Blvd. Melbourne, FL 32935 Keith Buescher	723	0	0	723
66	Woodcrest Development Inc. 17911 Mitchell Ave. Irvine, CA 92714 Ronald J. Gilles	603	119	0	722
67	Holtzman & Silverman Const. 30833 Northwestern Hwy., #300 Farmington Hills, MI 48334 Gilbert Silverman	147	40	525	712
68	Wallick Const./Gemstar Homes P.O. Box 1023 Columbus, OH 43216 Jack L. Wallick	117	579	0	696
69	Meeker Development Co. 3187-A Airway Ave. Costa Mesa, CA 92626 George R. Meeker Jr.	695	0	0	695
70	Washington Homes Inc. 1802 Bright Seat Rd. Landover, MD 20785 Geaton A. DeCesaris Jr.	304	388	0	692
71	Castle & Cooke Properties 10900 Wilshire Blvd. Los Angeles, CA 90024 David Murdock	393	152	128	673
72	Falcon Development Corp. 2290 South Jones Blvd., #110 Las Vegas, NV 59102 Mark Doppe	535	0	136	671
73	Kimball Hill Inc. 5999 New Wilke Rd. Rolling Meadows, IL 60008 David K. Hill Jr.	300	351	0	651
74	Wieland (John) Homes P.O. Box 87363 Atlanta, GA 30337 John Wieland	650	0	0	650
75	Landstar Homes 510 Elkwood Ct. Kissimmee, FL 34743 Rodolfo Stern	649	0	0	649
76	Hills Developers Inc. 7420 Montgomery Rd. Cincinnati, OH 45236 Stephen Guttman	15	372	256	643
77	DiVosta & Co. 4500 PGA Blvd., #400 Palm Beach Gardens, FL 33418 Otto B. DiVosta	198	438	0	636
78	Baldwin Co. 16811 Hale Ave. Irvine, CA 92714 James Baldwin	482	130	0	612

Rank by starts	Company, location, principal officer	For-sale, detached units	For-sale, attached units	Rental units	Total 1991 Starts
79	Amrep Corp. 10 Columbus Circle New York, NY 10019 Lawrence T. Perlmutter	416	72	130	618
80	Century Homes Communities 1535 South D St., #200 San Bernardino, CA 92408 John Pavelak	602	0	0	602
81	Akins Development 5 Park Plaza, Ste. 400 Irvine, CA 92714 Bruce Akins	84	75	442	601
82	Bramalea California Inc. One Park Plaza, #100 Irvine, CA 92714 Peter B. Perrin	43	548	0	591
83	Royce Homes Inc. 14614 Falling Creek/Ste. 250 Houston, TX 077068 Michael G. Manners	585	0	0	585
84	Home Capital Dev. Group 707 Broadway, #1600 San Diego, CA 92185-0027 Larry Faigin	569	11	0	580
85	Randall Group 9500 S. W. Barbur Blvd., #300 Portland, OR 97219 Robert D. Randall	0	0	575	575
86	Evans Withycombe Inc. 6991 E. Camelback Rd., #A-200 Phoenix, AZ 85251 Stephen O. Evans	20	0	553	573
87	Inco Homes P.O. Box 970 Upland, CA 91785-0970 Ira Norris	569	0	0	569
88	S&A Custom Built Homes 501 Rolling Dr., Ste. 200 State College, PA 16801 Don Haubert, Robert Poole	495	73	0	568
89	Pacific Scene Inc. 3900 Harney St. San Diego, CA 92110 Tawfiq Khoury	188	77	300	565
89	Cambridge Homes Inc. 800 S. Milwaukee Ave., Ste. 250 Libertyville, IL 60048 Richard J. Brown	417	148	0	565
91	Gentry Homes P.O. Box 295 Honolulu, HI 96809 Joseph J. Ramia	0	552	0	552
92	Owings & Terry Homebuilding P.O. Box 7679 Marietta, GA 30065 S. Kent Owings	550	0	0	550
93	Oriole Homes Corp. 1690 S. Congress Ave. Delray Beach, FL 33445 Richard D. Levy	169	380	0	549
94	General Homes Corp. 7322 Southwest Freeway Houston, TX 77074 James W. Olafson	535	0	0	535
95	Winncrest Homes 9985 Folsom Blvd. Sacramento, CA 95827 Thomas P. Winn	532	0	0	532
96	Coleman Homes Inc. P.O. Box 9336 Bakersfield, CA 93389 Thomas Coleman	529	0	0	529
97	American West Development 2700 E. Sunset Rd., Ste. 5 Las Vegas, NV 89120 Lawrence D. Canarelli	526	0	0	526
98	Quaker Group Builders 593 Bethlehem Pike Montgomeryville, PA 18936 Streeper Karr III	311	0	210	521
99	Borror Corp. 5501 Frantz Rd. Dublin, OH 43017-0766 Douglas G. Borror	503	15	0	518
100	Barratt American Inc. 30 Fairbanks, Ste. 110 Irvine, CA 92718 Michael Tattinson	299	204	0	503

INDICATORS

Consumer Confidence Wanes—How Bleak Is The Future?

The economy strained to sustain a recovery as 1991 drew to a close, vulnerable to external shocks.

Consumer confidence, as measured through a survey conducted monthly for the Conference Board (a business research group), declined during the final quarter of last year. With a base year of 1985 equaling 100, consumer confidence fell to a 16-year low during November to 50.6.

Last June, a record surge in this consumer confidence measure followed the successful resolution of the Persian Gulf War. At the time, the question many were asking was, "Is it the real thing?" We now have an answer.

The Conference Board's survey of 5000 households is a representative sample of consumer sentiment around the country. Among the nine regions for which separate indexes are generated, November's level was the lowest in the Northeast states. The index for the battered New England states stood at 29.8, while the index for the Middle Atlantic states was slightly higher at 36.6. Consumers in the Rocky Mountain states were the least pessimistic—the November index in this region was 67.2.

Consumer confidence levels region-to-region are generally an accurate reflection of the health of housing and remodeling markets in different parts of the country. The Rocky Mountain states have fared well by most measures of economic activity, even during the worst period of the recession, while the New England states have continued to take it on the chin.

The future is not as bleak, however, as today's consumer confidence levels imply. The economic fundamentals weakened, but for the most part did not fall, over the final months of 1991.

Gross Domestic Product grew more slowly than anticipated during the second and third quarters—but it did move ahead and document the beginning of the general economic recovery. Industrial production and employment gains plateaued, while housing starts stalled and then began to move ahead again.

The economy strained to sustain a recovery as 1991 drew to a close, vulnerable to external shocks (the economic and political fallout of a disintegrating Soviet Union, or sudden hikes in energy prices). □

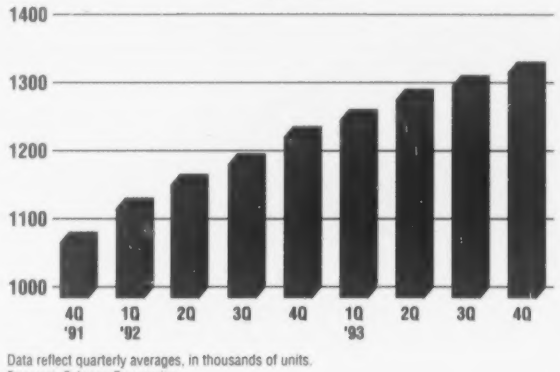
Regional Market Conditions

(Year-To-Date Trends)

	S-F Home Permit $	Average S-F Permit Value	Remodeling Permit $	Employment Change
New Haven	+22.3%	$93,368	-6.7%	-4.0%
Trenton, N.J.	-7.9%	$104,071	+27.8%	-2.1%
Jacksonville, Fla.	+4.2%	$81,578	+17.0%	-0.6%
Jackson, Miss.	+6.7%	$70,661	+[illegible].9%	+0.8%
Oklahoma City	+34.8%	$91,142	-5.9%	+0.8%
Cleveland	-2.1%	$135,116	+8.1%	-0.4%
Wichita, Kan.	+4.7%	$69,119	+52.8%	+1.6%
Reno, Nev.	-8.9%	$112,199	+15.1%	-0.9%
Oakland, Calif.	-17.8%	$142,096	+1.6%	-0.3%

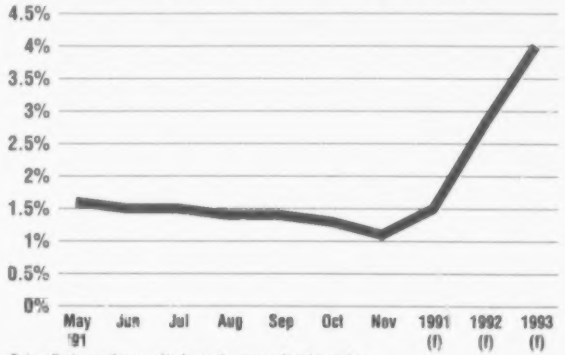
Sources: U.S. Departments of Commerce and Labor.

Housing Starts



Data reflect quarterly averages, in thousands of units.
Forecast: Cahners Economics.

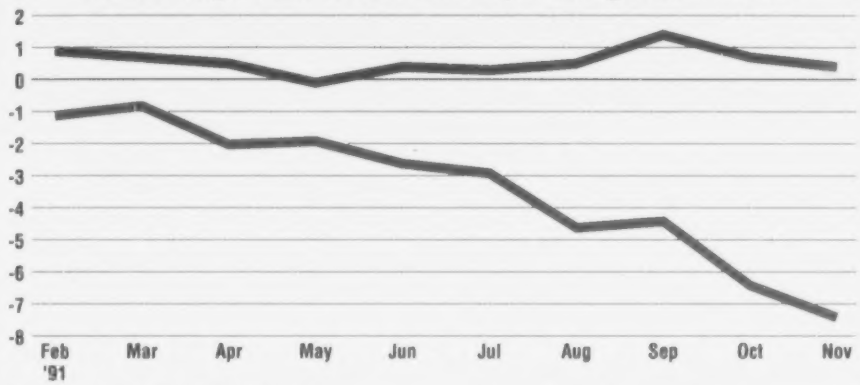
Trend In Construction Labor Costs



Data reflect over-the-year % change in average hourly earnings.
Source: U.S. Department of Labor. Forecast: Cahners Economics.

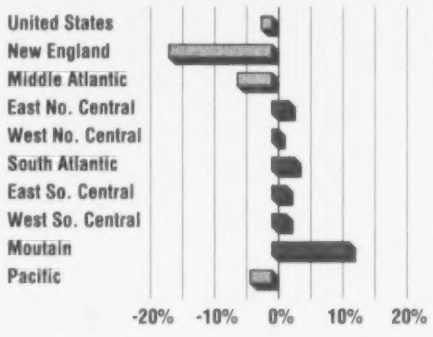
INDICATORS

Remodeling Permit Trends: Residential & Light Commercial



Data reflect % change in 12-month moving totals.
Source: U.S. Department of Commerce. Forecast: Cahners Economics.

Residential Remodeling Permit Value Trends

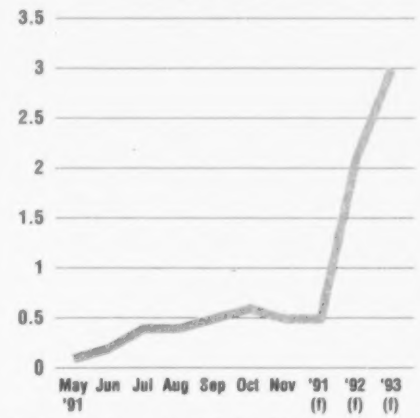


Source: U.S. Department of Commerce.

New Single-Family Home Sales Prices

Data in thousands of dollars.
Source: U.S. Department of Commerce. Forecast: Cahners Economics.

Construction Materials Price Trend



Data reflect over-the-year change in Producer Price Index.
Source: U.S. Department of Commerce.

Key Trends At A Glance

	Nov '91	Mar '91
Total housing starts*	1,066,000	907,000
New home sales*	520,000	495,000
Remodeling permit trend	+0.4%	+0.7%
Consumer confidence index**	52.7	81.1
Median new home price	$117,400	$122,500
Fixed-rate mortgages	8.71%	9.50%
Construction wage trend	+1.1%	+1.8%

* Seasonally adjusted annual rate.
** 1985 = 100.

Light-Commercial Construction Languishes

Diversified builders who have ventured into light-commercial have found rough sledding. Although renovation and remodeling jobs on retail stores and hotels have provided opportunities for contractors, new construction work has been limited.

Total non-residential construction spending fell during October. The seasonally adjusted annualized value of new commercial, industrial and institutional structures put-in-place during the month totaled $142.0 billion, a sharp 11.7% drop from the level of the same month a year earlier.

Following a plunge earlier in the year, total non-residential construction spending has stabilized (or stagnated, depending upon one's perspective) at the current level for the past four months.

This is encouraging, since it suggests that we've reached bottom. Further sharp declines in spending are unlikely as we move into 1992. Recent trends in building permits and in construction contract awards tend to support this more hopeful assessment.

The weakest sectors will continue to be on the commercial side of non-residential building. October's annualized value of commercial construction was 30% below the already weak level of 1991.

We are forecasting further declines in commercial construction during 1992, but at rates only about half the plunge of '91. □